



THE  
BUILDERS  
FUND

# Investor Profile

## The Builders Fund

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## Through Investor Profiles, investors in the Frame community articulate their impact strategies in a consistent structure.

Over time, we expect these Profiles will help us develop methodological guidance that is inclusive and based on collective wisdom. They'll also help us understand why and how methodologies shift according to organizational characteristics, such as fund size.

In the spirit of Frame's values of integrity and transparency, we design, review, and manage profiles with these goals:

### **Decisions that drive towards impact are what matter.**

The purpose of impact assessment is to help improve the choices investors make to steer capital towards innovations and strategies that reduce global GHG emissions over time. All profiles demonstrate how assessment shapes investment decisions.

### **All profiles must be consistent in structure and content.**

Profiles are based on common structure and questions that all investors follow. For example, rather than excluding responses to questions that an investor may not have answers to, they share progress, wherever it is. Profiles will also increasingly apply Frame's terminology and taxonomy, rather than language that any individual investor uses on its own. As we learn by doing, we'll add questions and refine structure.

### **Audiences must understand how the theory of change affects methodological decisions.**

Investors clearly articulate the reasoning for assessment processes:— what they are looking for in assessment and why.

### **Assessment and decision-making continue after initial investments are made.**

Investors share how they continue steering companies toward impact after initial investments are made and how ongoing analysis affects their investment and assessment strategies overall.

### **Evolution is embraced.**

No process is perfect! In the spirit of transparency and modeling how we learn by doing, we publish work in progress and welcome investors to define what and when they plan to update over time.

Project Frame (Frame) is a nonprofit program, convened by Prime Coalition, built to organize investors around forward-looking emissions impact methodology and reporting best practices.

Our aim is to improve Impact Measurement and Management (IMM) standards for climate-driven investments and to galvanize a network of leadership around transparency and collaboration.

Project Frame is not a regulatory body, nor should its content be considered financial advice. Investor Profiles produced by Project Frame represent the investor's self-reported contributions and should also not be considered financial advice. Our work is intended for readers to review and use their best judgment to accelerate GHG mitigation with transparency and accountability.

[Learn more about Project Frame](#)

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Case Study

# Overview

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## Overview

**Dashboard** > Impact Assessment Capacity > Funds

### Types or Asset Classes of Investments

Private Equity

### Asset Sub-Type or Stage(s) Served

Minority growth equity and small-cap buyouts

### Geography Where We Invest

North America

### Sector

Built Environment, Electricity, Food and Agriculture: Builders Fund investments fall into themes where big social and environmental problems are disrupting the status quo: Sustainable Systems and Human Elevation. Our investments align with the following sustainable development goals that pertain to climate and environment: affordable and clean energy; sustainable cities and communities; responsible consumption and production; climate action; and life on land. We also track and classify according to many more social and governance themes, which we discuss in the impact section of our profile.

### Sub-Sector(s)

Climate Solutions, Regenerative Food Systems, Equity & Social Justice, Health & Wellness

### Description of Investment Firm

We seek to provide market or above market rate returns and attempt to 'do no harm' to the climate through our investments and to provide market or above market rate returns and specifically invest in climate.

### Impact Assessment Capacity

1 staff member is dedicated to impact assessment part time: Director of Impact

### Total Assets Under Management

\$150 million USD

### Percent of Assets Assessed

100%

### Methodology Alignment

Planned Impact, Realized Impact



**Overview**

**Dashboard** > Impact Assessment Capacity > Funds

**Time Frame of Projecting  
Planned/Potential Impact**

5-7 year time frame for planned impact.

In assessing realized impact, assessment occurs regularly throughout the holding period, as Builders Fund believes that meaningful impact and financial impact are collinear. We have a 14-year time horizon from fund inception, which supports more exit flexibility than is typical in private equity. We believe that our fund horizon is approximately 40% longer than a typical private equity fund. As such, while most of our peers seek 3-5-year hold times focused on quick value creation and exit, we can make ongoing determinations of what is best for both value creation and the long-term health of the company.

**Alignment with Frame's  
Values and Principles**

Partial alignment

**Report Realized Impact**

Yes

**Carried Interest Tied to  
Impact**

No



## Overview

Dashboard > **Impact Assessment Capacity** > Funds

### Team Name

Impact & Investment teams

### Number of Team Members

1 staff member is dedicated to impact assessment part time: Director of Impact.  
4 Investment team members integrate impact throughout investment lifecycle.

### Scope

*The team's key responsibilities*

**Pre-investment:** Evaluate impact performance and potential prior to inform investment decisions. Collaborate with company management to create Operating Blueprint for integrated post-investment impact and business value creation.

**Post-investment:** Oversee impact reporting, B Corp Certification, and tracking of key performance indicators across the portfolio.

**Strategy:** Improve or evolve impact strategy and methodology.

### Governance

*The team's reporting structure, such as to whom they report and who reports to them.*

The Director of Impact reports to a firm partner.

### Impact Expertise

*The kind(s) or type(s) of impact on which the team focuses.*

**Pre-investment:** The Director of Impact assists in pipeline screening to identify and prioritize companies with strong impact performance and potential. During diligence, the Director of Impact works with the Investment team and management teams to assess specific impact pathways and metrics tailored to the business model, match them to Builders Fund investment themes of sustainable systems and human elevation, and establish baseline data and collection methodology.

**Post-investment:** The Director of Impact coordinates the delivery and analysis of quarterly and annual impact reporting with the agreed upon metrics across the entire portfolio, helps facilitate B Corp certification as needed, develops and tracks public impact benchmarks and trends, and participates in IMM field building activities.



## Overview

Dashboard > **Impact Assessment Capacity** > Funds

## Decision Rights

*The power this team has in pre- and post-investment decisions.*

**Pre-investment:** The Director of Impact conducts impact prioritization ratings based on environmental, social, and governance characteristics of potential investments and provides the ratings to the Investment team. Based on company performance, the director provides recommendations on whether or not to proceed with diligence. The Director does not have veto rights pre-investment (outside of fund exclusions such as high emitting sectors, tobacco, firearms, etc) but influences whether deals are advanced and prioritized for further diligence.

**Post-investment:** The Director of Impact oversees impact data collection and reporting and supports portfolio companies pursuing B Corp certification by collecting and organizing information that is submitted to an independent third party, B Lab. At least one member of the Investment team joins the board of a portfolio company and actively participates in governance, including overseeing a 100 Day Plan and the Operating Blueprint which integrates growth and impact objectives.





**Overview**

Dashboard > Impact Assessment Capacity > **Funds**

**Fund Name**

Fund I

**Date of Fund Open**

2015

**Date of Fund Close (or Estimated)**

2017

**Number of Portfolio Companies to Date**

6

**Asset Sub-Type or Stage(s) Served**

Growth Stage

**Is the Fund still investing?**

No

**What does this fund provide?**

Equity

**How Fund Design Serves Impact**

*How capital provided applies terms different from investing norms in order to serve impact goals, such as if it is a blended fund or uses catalytic capital.*

We have a 14-year time horizon from inception, which supports more exit flexibility than is typical in private equity. We believe that our fund horizon is approximately 40% longer than a typical private equity fund. As such, while most of our peers seek 3-5-year hold times focused on quick value creation and exit, we can make ongoing determinations of what is best for both value creation and the long-term health of the company. By providing targeted investments of \$5-\$30 million paired with meaningful intellectual capital and operating expertise, we are able to meet growth stage companies where they are and enable them to scale sustainably and protect their culture, purpose and mission.



**Overview**

Dashboard > Impact Assessment Capacity > **Funds**

**Fund Name**

Fund II

**Date of Fund Open**

2020

**Date of Fund Close (or Estimated)**

2022

**Number of Portfolio Companies to Date**

3

**Asset Sub-Type or Stage(s) Served**

Growth Stage

**Is the Fund still Investing?**

Yes

**What does this fund provide?**

Equity

**How Fund Design Serves Impact**

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# Impact Goals & Process

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**Impact Goals & Process**  
Theory of Change > Impact Goals

*Overall vision, why that vision has not yet been achieved, and how the design of interventions or programs get you closer.*

**Goals or Vision**

Our vision is to build a better world through the profitable deployment of capital into systems-responsible companies

**Path to Goals**

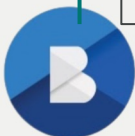
How your intervention helps achieve the goals.

The Builders Fund launched to fill an underrepresented niche in the investment landscape. While early impact capital flowed to venture capital, emerging markets, and real assets, few if any small cap buyout and growth stage investors with a private equity portfolio approach exist in North America. With the belief that all industries must be reinvented to create a sustainable form of capitalism on a finite planet, we continue to see meaningful opportunities for real impact in that domain. We are structured to customize investments to best fit the circumstances and needs of values-driven companies seeking capital which are generally outside the arena of typical venture capital or mainstream private equity funds.

The Builders Fund team works to consistently help scale companies and generate significant value for all stakeholders. We have raised capital from similarly operational and values-aligned partners who also serve as operating partners (“Builders”) to the fund. The combination of our operational orientation and focus on emerging growth businesses sets us apart, as does our unwavering commitment to environmental and social outcomes.

How a business is run can be equally important to what it does. Builders Fund is deeply engaged with B Corp certification as a means to support continuous improvement on ESG factors to drive performance while also amplifying impact across the corporate ecosystem.

We seek partners with values-aligned practices that generate shared value across their corporate ecosystems. This includes a purpose-driven management team committed to building a transformational business; the ability to engage employees through an authentic culture and customers through an activist brand; an inherently profitable business model purpose-built to solve social and environmental challenges; and the potential to scale as a platform in a key thematic area.





## Impact Goals & Process

### Theory of Change > Impact Goals

### Barriers or Challenges

What is stopping us from reaching the goals and how your intervention addresses them.

A financial system overly focused on short-term, extractive behavior (driven by the assumption of the primacy of shareholder profit in a vacuum) has been a significant driver of the systemic challenges we face on the planet today. Yet, capitalism must be part of the solution.

Builders was formed to celebrate and support the entrepreneurs, leaders and "builders" that are crafting a better future.

We believe that by generating exceptional returns through the deployment of capital into impactful, systems-responsible companies, we can help catalyze a more equitable & sustainable form of capitalism.

### Values/Principles

**Authentic Partnership:** We believe that great investments are built on a foundation of authentic partnerships, and that we can help drive outstanding returns for all stakeholders by working hand-in-hand to scale platforms leading the way to a better future.

**Intentional Growth:** We maintain a strong preference for returns driven through growth and earnings improvement versus financial leverage, and we focus on long term value creation versus short-term extraction. In each investment, we allocate capital and hands-on support to execute key alpha generating strategies.

**Uncompromising Impact:** We translate purpose into competitive advantage that creates impact through the business model, not just alongside it. With conscientious internal and third-party standards, we ensure that all our investments lift up people and contribute to sustainable systems.



## Impact Goals & Process

Theory of Change > **Impact Goals**

*This section describes **classification systems** used to organize or analyze investments and the quantitative or qualitative **impact criteria** that gate or influence investment decisions.*

## Classification

### Sustainable Systems

- Climate Solutions
- Regenerative Food Systems

Related SDGs:



### Human Elevation

- Equity & social justice
- Health & Wellness

Related SDGs:



## Criteria

Pre-investment, Builders Fund uses an impact prioritizing rating system, based on the following questions, to compare and help prioritize investments in companies.

- **WHAT:** Does the business address key Environmental or Governance concerns? Factors include potential to reduce GHG emissions, diversity of management team, and B Corp certification among other environmental and governance considerations.
- **WHO:** Does the business address Social concerns, such as by serving beneficiaries from low-middle income or other marginalized communities?

The tool also enables the team to highlight and monitor deals that may be too early based on the Fund's financial criteria but are expected to deliver high impact as they grow.

# Pre-Investment

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## Pre-Investment Workflow > Methodology

### Stage 1 Solution Seeking & Screening

Builders' investment themes of Sustainable Solutions and Human Elevation help the Fund identify businesses solving major social and environmental challenges, where emerging growth stage investment can meaningfully accelerate impact. We look for deals where the fundamental business model creates positive social and/or environmental benefit, harnessing purpose to competitive advantage. Builders also conducts a negative screen for companies with high GHG emissions and in sectors that aren't aligned with generating positive impact.

### Stage 2 Meet Founders

Builders Fund engages with management teams to understand how the company delivers impact and to discuss Environmental, Social, and Corporate Governance (ESG) topics.

### Stage 3 Pre-Due Diligence/Initial Review

During initial deal review, Builders uses an Impact Prioritization Rating tool that allows us to compare and rank companies across environmental, social, and governance factors. The tool is designed to be integrated in discussions reviewing financial criteria and to highlight businesses with outstanding impact performance and potential.

### Stage 4 Term Sheet/Due Diligence

Builders establishes an impact theory of change specific to the prospective investee and outlines impact metrics and data collection methodology. Metrics typically include a set common across all Builders' portfolio companies and others unique to a given company's business model. Companies typically complete the B Impact Assessment with support from the Director of Impact, and the preliminary score is used to indicate potential for certification as well as areas for operational improvement post-investment. Builders works with management teams to create an Operating Blueprint integrating financial and impact value creation strategies.

### Stage 5 Closing

Companies commit to quarterly impact reporting on the agreed upon metrics and to explore the benefits of B Corp certification. While capacity and other contexts affect how they pursue certification, they enter investments with a meaningful commitment in place. Builders actively engages through the Board of Directors to oversee a 100 Day Plan and Operating Blueprint integrating financial and impact value creation.





## Pre-Investment

Workflow > **Methodology**

*This section refers to [Frame's pre-investment methodology guidance](#). Visit the [Project Frame website](#) and view other related to resources, such as the [Frame glossary](#), to expand your understanding.*

### Methodologies That Best Align

*Frame currently articulates two approaches to assessing impact: [planned](#) and [potential](#) impact.*

Planned Impact, Realized Impact

### Time Frame of Assessment

Impact assessment occurs quarterly throughout the holding period, with public reporting released annually. Builders Fund believes that meaningful impact and financial growth are collinear and seeks to track integrated performance over time. We have a 14-year time horizon from inception, which supports more exit flexibility than is typical in private equity.

### Alignment with Frame's [Values & Principles](#)

Partial alignment

### Differences with Frame's [pre-investment methodology guidance](#)

Because the Builders Fund focuses on emerging growth stage businesses, we typically rely on realized impact during due diligence. This still requires us to develop a baseline to which investee's performance is compared overtime. While we can rely on historical data, we still face similar challenges in quantifying whether a given company is taking market share away from a status quo. Additionally, we assess across many metrics, including environmental and social dimensions. For example, employment data is critical across all portfolio companies, and not all portfolio companies must demonstrate GHG impact.

### [Additionality](#)

We are currently exploring how to measure and track additionality via our attribution/contributions with our impact partner Proof. These explorations are ongoing.

# Portfolio Stewardship

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## Portfolio Stewardship

Monitoring > Reporting > Engaging

### Summary

*How and what is collected from portfolio companies to understand whether they are meeting impact-related expectations.*

During the impact diligence process, we identify the impact themes and SDG goals aligned with the company's business model. We assess the strength of the evidence base validating the impact of a company's intervention, typically through existing LCAs (environmental themes) and/or randomized controlled trials (social themes). Post-investment, Builders collects impact metrics quarterly and tracks the status of portfolio companies' B Corp certification and recertification. The Director of Impact and Investment team members provide ongoing dialog and support, typically through Board engagement.

### Impact and Risk Monitoring & Realized Impact

*How GHG and non-GHG risks (if applicable) or baseline scenarios are incorporated, including what questions are asked, how often, and how new projections are created.*

Builders categorizes risks identified through diligence as controllable or uncontrollable, assigns financial value and includes in projection model scenario analysis to inform valuation and structuring considerations. Risks are typically reviewed at the board level on at least an annual basis. Examples of risks considered include: macro (inputs, geography, regulatory, business cycle), demand (softness of customer demand, customer concentration risk), supply (competition, counter-party vendor/credit risk), exit, and impact risk (negative environmental or social externalities of business model or as a result of projected growth / additional resource use).

### Evolving Process

*How methodology has changed over time and it might still change.*

Our approach to IMM continues to evolve as we do. As investors, we're intentional about adding value, not just demonstrating it, and moving beyond measurement to embed impact strategy into each phase of the investment lifecycle. Early on, much of the data we collected reflected environmental and social outputs. Over the years, we have expanded our focus to include metrics intended to measure outcomes, or changes in the lived experience and physical state of the stakeholders involved. Post-investment, regular check-ins mean that impact strategy iterates over time, allowing us to leverage the data we collect to drive responsible decision making and strategy for portfolio companies.



## Portfolio Stewardship

Monitoring > **Reporting** > Engaging

### Summary

*How impact-related information shared with external and internal audiences, and how often.*

Internally, Builders Fund implements a quarterly reporting process that includes both qualitative and quantitative data collection that is shared with limited partners. Externally, we publish a public-facing annual impact report, that includes information regarding our impact, strategies, and portfolio companies.



## Portfolio Stewardship

Monitoring > Reporting > **Engaging**

### How we help portfolio companies reach, sustain, or exceed impact expectations.

The Builders Fund actively engages with portfolio companies post-investment to amplify growth, deepen impact, and create shared value. This typically involves a 100 Day Plan and Operating Blueprint, overseen by a company's board of directors.

Builders engages with B Corp certification to amplify impact across our portfolio and support continuous improvement on ESG factors to drive impact and financial performance. We work with each of our portfolio companies to determine the specific value-add of B Corp status, develop a strategy for certification and support each phase of the process. Currently, 83% of our portfolio is certified or pending certification.

### Impact-linked compensation

Tying portfolio manager compensation to impact actions, performance, or specific activities they take to engage companies on impact.

n/a

# Exit Spotlight

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## Exit Spotlight

### Exit strategy summary

We work to strengthen and sustain the environmental and social missions across our portfolio through B Corp certification and maintenance, allowing companies to better measure their social and environmental impacts and providing a framework for the Builders Fund to provide oversight, support, and feedback. Thereafter, it becomes an important driver of mission-protection at exit.

### Impact-linked carried interest

Tying carried interest to impact actions, performance, or specific activities taken to engage companies on impact.

n/a

# Lessons Learned

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## Lessons Learned

### Realized Impact

Results and findings to date

#### Quick Stats

# 46

Total Key Performance Indicators Across Funds I and II

# 4

B Corp Certified Companies in our Portfolio



MPOWERD

URBAN REMEDY

#### In 2022

# 487

Net Jobs Created (1231 Cumulative)

# 136

LMI Jobs Created (476 Cumulative)

# 1.4M

Number of Lives Positively Impacted (4.8M Cumulative)

# 6.8M

Organic and Healthy Meals and Snacks Served (35.8M Cumulative)

# 7.6M

LBS Organic and Fair Trade Material Purchased (55.5M Cumulative)

# 515K

Tons CO<sup>2</sup> Inset, Avoided, or Reduced (3M Cumulative)

# 105M

GWh Renewable Energy Generated (292M Cumulative)

# 1,091

Tons of Material Diversion from Landfill (1K Cumulative)

# \$19.7M

Customer Cost Savings (PosiGen) (\$40.8M Cumulative)

# 4.13

Average 3 Month Student Literacy Point Gains\*

\* This metric is an average of the mean 3-month standard score gains in print knowledge and phonological awareness.

Learn more through [The Builders Fund's Impact Report](#).

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**FRAME**  
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[Learn more at  
projectframe.how](https://projectframe.how)